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DEPARTMENT OF STATE

Memorandum of Conversation
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Approved in S 1/18/62

DATE: JANUARY 6, 1962

SUBJECT: Barley

PARTICIPANTS: The Secretary
The Under Secretary
Sir Edward Heath, the Lord Privy Seal
Sir David Ormsby-Gore, the British Ambassador
Richard D. Vines - EUR/RA

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The Secretary noted that he was interested by Gromyko's response to a point that we had made of no de facto or de jure recognition of East Germany and its status in East Berlin. Gromyko reacted to this that we had already done so. The Secretary wondered if it would be possible to make progress in this position, brushing aside one point after another.

Another point which had to be tested was whether the Soviets required the four powers signing a peace treaty or whether an agreement among the four powers could be annexed to the treaty.

He went on to say that if the Soviets continue to leave unilateral harassments alone, it may be possible to work something out. Gromyko's attitude has certainly not been cautious.

Another hopeful sign has been the Soviet reference to political relations between West Berlin and West Germany.

The Secretary also noted that he was beginning to see what was behind the reference to a subsidized Berlin. He had not thought of the Wall in connection with the differential standard of living and the "capitalist encirclement" of East German Germans, but this seemed to be a great concern to the Soviets.

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He also mentioned Brandt's suggestion for control of workers which might be worked out independent of the problem of refugees on the basis of passports, visas, or some such device. This was bogged down, however, on the question of political asylum.

The Secretary thought it nevertheless possible to go on "punching holes in the wall". The Soviet demands that subversion, i.e., intelligence activities should cease, is not a matter that is susceptible to any agreement.

The French, he continued, are showing a great deal more interest in these talks than they are supposed to.

Heath noted that Couve had said as much in Paris in December.

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